

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MUHLENBERG)
COUNTY WATER DISTRICT FOR APPROVAL OF) CASE NO. 10161
THE NEW WATER LINE EXTENSION POLICY)

O R D E R

On March 7, 1988, Muhlenberg County Water District ("Muhlenberg Water") filed a proposed regulation dealing with the extension of distribution mains. On May 5, 1988, the Commission entered an Order requesting additional information in this matter. On November 17, 1988, Muhlenberg Water filed its response. As the proposed regulation contains provisions which differ from Commission Regulation 807 KAR 5:066, Section 12(2b), it may not be placed into effect without prior Commission approval as per 807 KAR 5:066, Section 12(4).

Commission Regulation, 807 KAR 5:066, Section 12(1), requires a water utility to extend its existing distribution main up to 50 feet without charge to an applicant for service who contracts to use the service for 1 year or more. If the extension to serve an applicant or group of applicants exceeds 50 feet per applicant, a water utility may require, per 807 KAR 5:066, Section 12(2), the applicants to pay the total cost of the excessive footage over 50 feet per applicant. The cost of this 50 feet shall be based on the average cost per foot of the total extension as per 807 KAR

5:066, Section 12(2)(a). For 10 years following the construction of the extension, the water utility must refund to those paying for the excess footage the cost of 50 feet of the extension for each additional customer whose service line is directly connected to the extension as per 807 KAR 5:066, Section 12(2)(b).

Muhlenberg Water's proposed regulation differs from the Commission Regulation in that, in addition to the initial applicants, it requires all customers connected to an extension within 5 years of its completion to contribute to the cost of the extension. Initial customers would still pay the cost of the extension in excess of 50 feet per customer. Later customers would contribute an amount based upon a recomputation of Muhlenberg Water's portion of the total cost and earlier customer contributions. Muhlenberg Water would still be required to refund the cost of 50 feet of the extension per new customer connected to the extension. Later contributions would be refunded to earlier customers to equalize the amount of contribution for each customer connected to the extension. After the initial 5-year refund period expires, Muhlenberg Water proposes to connect any additional customer applying for service on each main extension for the amount of the approved "tap-on-fee" only. After the initial 5-year refund period expires, Muhlenberg County will make refunds to those applicants of the initial 5-year period for an additional 5-year period in accordance with 807 KAR 5:066, Section 12(2b).

For the same reasons expressed in Case No. 10091, The Request of U.S. 60 Water District of Shelby and Franklin Counties, for a Deviation from 807 KAR 5:066, Section 12 Regarding Water Extensions, wherein a similar utility regulation was considered, the Commission finds that Muhlenberg Water's proposed regulation should be approved.

IT IS THEREFORE ORDERED that:

1. Muhlenberg Water's proposed regulation be, and it hereby is, approved.

2. Within 30 days of the date of this Order, Muhlenberg Water shall file a revised tariff with this Commission containing the approved regulation on distribution main extensions.

Done at Frankfort, Kentucky, this 9th day of December, 1988.

PUBLIC SERVICE COMMISSION

Chairman

Robert M. Davis

Vice Chairman

Spur N. Williams

Commissioner

ATTEST:

Executive Director